

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, January 22, 2018, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Council Present: Idelfonso Green
Vanessa Mendoza
Robert Larribas
Rufino Cantu
Carlos Romo

Staff Present: Sixto Molina, City Manager
Veronica Moreno, City Clerk
Lourdes Aguirre, Finance Director
Marilyn Chico, Housing Authority Director
Kevin Shonk, Commander
Bobby Yu, City Attorney

Others: Raul Green
Marcia Zerler, Pio Decimo Center

Mayor Green called the meeting to order at 6:00 p.m., and led the Pledge of Allegiance.

ITEM #04 – ROLL CALL – All members of the Council were present, except for Councilwoman Romero and Councilman Patino, who were excused.

ITEM #05 – CALL TO THE AUDIENCE

Mayor Green: Anybody wishing to speak to the Council may do so for the next three minutes. Please state your name and your address, please.

Mr. Green: Raul Green, 307 West 36th Street, South Tucson. I have a concern, concern. I heard, I heard there's a, a recall going on. I know the new candidates or who the aspiring council members are. I'm a little concerned. I want some transparency in this process. There was an issue that we had with one of the now candidates. It was a question that we asked in 2014 that was never answered. And I think he should answer it. We, as a community, need an answer. It's important. It was a remarkable coincidence that occurred in that in May 24th of 2014, both the previous Mayor and the previous City Manager paid off their homes two months after having spoken to Pasadera where they had promised to give them the necessary permits. And that's, that's recorded. That's a, a record of that in court. I would like for the new candidate, or the old ex-Mayor, to explain the, the fact that they paid off their home, both, both he and the previous City Manager, paid off their homes on the same day, two months after they started talking to Pasadera. And that was never answered when we requested an answer to that. And it's been so long and they either won't answer it. Maybe this is an issue for IRS or the FBI. If we could get an answer, I would love to have it. Thank you.

Mayor Green: Thank you. Anyone else?

(No response from the audience)

ITEM #06 – APPROVAL OF MINUTES OF REGULAR MEETING OF DECEMBER 18, 2017

Mayor Green: City Manager.

Mr. Molina: We have, City Clerk has printed out the, or had the minutes printed out.

Mayor Green: Okay.

Mr. Molina: I'm not sure what ...

Mayor Green: No, I mean is there any changes or anything to it? Or should we just go ahead and accept it in the manner that it's been presented?

Mr. Molina: I don't believe there was any changes.

Mayor Green: Okay. Then, okay. So, without, you know, without any changes made, do, you know, do I have a motion to accept the actual meeting?

Motion by Vice-Mayor Mendoza to approve the minutes of the Regular Meeting of December 18, 2017. Seconded by Councilman Larribas. Motion passed unanimously.

ITEM #07 – RESOLUTION NO. 18-01 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING 2018 FAIR MARKET RENTS ("FMR's") FOR THE SOUTH TUCSON HOUSING AUTHORITY ("STHA")

Mayor Green: Okay. Right now what I need is to go ahead and adjourn for the Regular Meeting and go into the, and convene into the Housing Governing Board Session for Housing agenda items.

Motion to adjourn by Vice-Mayor Mendoza. Seconded by Councilman Larribas. Motion passed unanimously.

Mr. Molina: Mr. Mayor, members of the Council, we have Ms. Chico here to address Item No. 7, which is Resolution No. 18-01 of the Mayor and Council of the City of South Tucson, Arizona, approving and adopting 2018 Fair Market Rents for the City of South Tucson Housing Authority. Ms. Chico is here to answer any questions (inaudible).

Ms. Chico: Mr. Mayor, Council, annually HUD does a survey for the Fair Market Rents across the country. Every year, we come to you with a Fair Market Rents. HUD did publish the market rents. We, as in Public Housing Authorities, were waiting to see what they were going to do with small areas. They thought we were going to have our own Fair Market Rents. Unfortunately, they were

talking rural areas instead of our City of South Tucson. So, once again, we (inaudible) Tucson metropolitan areas we normally do. This year is the second time I've seen ...

Mayor Green: (Inaudible).

Ms. Chico: ... (inaudible) Fair Market Rents go down. That's showing me that Tucson hasn't recovered fully yet. So we are requesting that Mayor and Council does approve the 2018 Fair Market Rents. These will be used for our Fair Market Rents for Section 8 that between what a landlord wants in contract rent, plus utilities, could not be over any one of these Fair Market Rents, based on the bedroom size. Also, in Public Housing, every resident, when they first come in and get their annual recertification, has a choice of either accepting the Fair Market Rent, or accepting our normal HUD determination through our process to see what their rent would be. The only time I could see anyone using the Fair Market Rent is if they had a very high income. To date, we've never had a resident accept the Fair Market Rent. We call it the "flat rent" in public housing. But it is giving them a choice in case, again, somebody comes in with a high rent. So, once again, this is the Fair Market Rents as published in the Federal Register by HUD for the Tucson and South Tucson areas. And I am requesting that it be approved so we can change our information in our systems so this is, you know, everything is calculated correctly.

Mayor Green: Okay. Any questions?

Councilman Larribas: I have a question. Now, is the Fair Market Rent the same as last year or did it go up a little bit more this year?

Ms. Chico: This year it ...

Mayor Green: It went ...

Ms. Chico: ... went down.

Mayor Green: ... down.

Councilman Larribas: Okay.

Ms. Chico: 2018 went down ...

Mayor Green: Twenty-three dollars.

Ms. Chico: ... approximately five dollars.

Mayor Green: Oh, okay.

Ms. Chico: It's five dollars for a studio, ten for ...

Mayor Green: (Inaudible).

Ms. Chico: ... one bedroom. Oh, what, thirteen ...

Councilman Cantu: Fifteen dollars.

Ms. Chico: ... something for the three bedroom. But if you look across on the, I hope you got the agenda ...

Mayor Green: Yes.

Ms. Chico: ... report. It will actually show you what last year's was, and what this year's is. And every one of this year's has gone down.

Councilman Larribas: Thank you.

Ms. Chico: You're welcome.

Mayor Green: Any other questions?

(No questions from the Council)

Motion by Vice-Mayor to approve Resolution No. 18-01 of the Mayor and Council. Seconded by Councilman Cantu. Motion passed unanimously.

ITEM #08 – RESOLUTION NO. 18-02 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING THE SOUTH TUCSON HOUSING AUTHORITY ("STHA") WRITE-OFF OF UNCOLLECTIBLE DEBTS AND AUTHORIZING THE EXECUTION OF THIS RESOLUTION FOR THE PURPOSE OF AUTHORIZING THE CITY OF STHA TO SUBMIT SAME TO HUD AND ITS FEE ACCOUNTANT

Ms. Chico: Mr. Mayor and Council, we do have a write-off policy. HUD encourages Housing Authority's to write off uncollectible debts because of our tenant account receivables. It keeps it clean and it reduces those numbers by amounts we know we're not ever going to get. Only twice have we ever had somebody want to come back, get back into the program and the only way they could do that is by paying off what we had written off. Every one of these write-offs is noted in our collections loss, in our Housing computer system. Every Housing Authority in the country looks at their collection losses and they can see what Housing Authority, what tenant, and how much is owed. So if one of these people went even to Alaska and applied for Housing, the first thing they'd see is you have a debt with the City of South Tucson Housing Authority. You pay that before we will accept an application from you. Only twice has that happened. So, anyway, one thing I did want to explain, we do have some high amounts here. We had a payback agreement with, especially the last person, yes, a couple of 'em. We have changed our payback agreement, how it's written and it's an internal policy that we can do. It's only internal, that's why it's not coming to you for approval. That instead of waiting two or three months, or constantly listening to excuses and trying to work with a person, first time somebody does not honor this payback agreement without a bona fide excuse or reason to me, now this payback agreement is null and void, and they're going to be demanded to either pay for, pay

right now or they're going to be leaving. So I want you to know that we are changing that because people were taking advantage of us trying to be nice and working with them when we got bit. We've also had a skip. We used to call "midnight move". That does not help us. Some have had to leave because they're getting older, they could not, you know, care for themselves any more, they need to be with family. We had a person that was in, we leased up the 29th. I think he was out the 1st. He did not tell us that he had a lease at another apartment complex and they weren't going to let him out of it. So, we let him go but he owed a small amount. But we still wrote it off because he didn't pay it. So, anyway, we got \$3,495.75 that we had requested, you approve us to write off. And, again, with our change in our payback agreements, we should never see anything as high as this again.

Mayor Green: Okay.

Ms. Chico: We have to get tough.

Mayor Green: No, and that's exactly it because I'm looking at some of these accounts where, I mean they're in excess of \$1,000. And that's, if you break it down, that's five to six months that they've gone without payment. I understand, I'm perfectly, you know, aware of the formal payback agreements and, you know, if you fail, forfeit on it, what happens. I thought all along you guys were going that, on a formal. Because if, if you fail to, you know, make, you come in and do a formal agreement, or a payback agreement, and then they fail to do so, at that point it's just automatically package 'em up for, you know, for court.

Ms. Chico: Mr. Mayor, that's absolutely correct.

Mayor Green: But, I mean ...

Ms. Chico: That agreement is a second chance ...

Mayor Green: Right.

Ms. Chico: ... to clean your name.

Mayor Green: Right.

Ms. Chico: We realize you've got a problem. And it usually starts out two, maybe three hundred dollars, whatever their rent is. And then it starts to escalate. So you call them in and somebody has passed away. They needed to help. Well, I understand that. But there were, most times, if I call 'em in, there weren't any excuses. And say, okay, this has got to be paid. "I promise I'll pay." Well, I don't accept promises any more.

Mayor Green: Okay.

Ms. Chico: If you give me a date that you're gonna pay it and it's not paid on that day, which is this month that I'm talking to you, you're done. It's either pay up or move out.

Mayor Green: Okay. Any questions from the Council?

Vice-Mayor Mendoza: I do, Mr. Mayor. So just to clarify now, before it was sort of like you really had no (inaudible) before and it was sort of, just sort of on the tenant to Housing Authority basis and so now, you want to make it so where if you are a month behind, that month needs to get paid right then and there before you can offer them another extension of any sort after that fact?

Ms. Chico: Vice-Mayor Mendoza, not necessarily. The first time they're late, which I will run a, it's called a rental register. And for, it shows every single development, every single resident we have. What I check is balance due. And I highlight it. Then I check to see if these people are in a payback. Now let's say they're not in a payback yet, but they haven't paid their rent. Marilyn Chico owes \$180. They get a termination, a notice of termination hearing (inaudible).

Mayor Green: Notice of termination.

Ms. Chico: Yes. Yes. Upon hearing. They come in. Now it is set up because I can't do hearings any more. I'm the appeal officer. But Sandra Shelton, who, and Cecilia, one Section 8, the other is Public Housing, do each other's. Okay? They both have very similar rules. If Marilyn comes in and says she owed, you know, you know she owes \$180, what you are asking is, "Marilyn, when are you going to pay those?" "Well, Christmas really got to me. I kinda went overboard." You're gonna hear that. You know, people do. Or, "I, I can pay my rent next month. Can I get into a payback agreement?" And you can only be in one at a time. So somebody checks. Marilyn's not in a payback. So they'll say, okay. They fill out the paper. They explain what this is. It will show if it's red, security deposit, or a pet deposit. Get it filled out, but now what they're doing is saying, read this paragraph. And I tell 'em to put it in yellow highlight. First time you do not pay and you do not contact Marilyn about this with a valid excuse, you just blow her off, you're gonna get a letter that's going to tell you that (inaudible) the full amount of the debt by the end of this month. That's why we had one person who left.

Vice-Mayor Mendoza: Okay. So that, then you're talking about residents right now, tenants right now that are in a payback agreement.

Ms. Chico: Right.

Vice-Mayor Mendoza: When did you make this effective? The new rule. Come January 1st? (Inaudible) ...

Ms. Chico: (Inaudible) ...

Vice-Mayor Mendoza: ... (inaudible) would those tenants be grandfathered of any sort?

Ms. Chico: That was in the PVA probably, I'm thinking maybe September, October. The ones that are in currently are doing beautifully. I will tell you that right now.

Vice-Mayor Mendoza: Okay.

Ms. Chico: But, except for the one person here who, the one that owed \$1,223, brought this resident in and said, "You didn't honor this. You didn't call, you didn't do anything. And this was your second chance." You know, I ...

Vice-Mayor Mendoza: So, the ...

Ms. Chico: ... don't ...

Vice-Mayor Mendoza: ... paperwork, then my question, excuse me for interrupting you, is just that you've updated the paperwork as far as the payback agreement forms that they fill out?

Ms. Chico: Yes.

Vice-Mayor Mendoza: And those have been now signed by these tenants who are in an agreement currently so that way going forward, anybody who gets on this, including the tenants who are currently on one, have to abide by this now?

Ms. Chico: Yes.

Vice-Mayor Mendoza: Okay.

Ms. Chico: Absolutely. And just so you know, the people that are on it right now are new on it.

Vice-Mayor Mendoza: Okay.

Ms. Chico: Everybody else either paid off their debt, 'cause we have a lot that do. But the ones that don't, who skip out, okay, but now it's going to protect us from that.

Vice-Mayor Mendoza: Okay.

Councilman Cantu: I have a question, Mayor. Is there a system that you go by on a payback agreement, a certain percentage each month that they are supposed to pay on top of the rent, or is it, how, how does that, how are your, how does that system work?

Ms. Chico: Councilman Cantu, the minimum amount that we will accept is \$25. Most of the amounts that are due are between \$200 and \$300. It's our low income people with a set income coming in. If it's \$200 to \$300, I ask first, "How much can you afford to pay above and beyond your normal monthly rent?" Some will say forty. "Are you absolutely sure?" Because I'll get their rent, put the forty on, right on the form and say, "This is what you gotta pay each month until either it's paid off or you have a recertification and your rent changes, but this payback amount does not change." They'll say, "No, keep it at forty." So we'll say fifty. Some will say, "Can I pay five dollars?" "No, the minimum is \$25. Go up from there." I'll accept twenty-five.

Councilman Cantu: So there's not a set percentage that they are supposed to pay each month ...

Ms. Chico: No, sir.

Councilman Cantu: ... on this kind of agreement?

Ms. Chico: No, sir. It depends on their income. It depends on, you know, what they're bringing in, what they're living off of, how much the debt is.

Councilman Cantu: Yeah, ...

Ms. Chico: We catch it right away so it's small.

Councilman Cantu: My question, or the reason I'm asking this is so that they can have an opportunity to pay back the money without having to pay it all in one sum, or two payments, or something like that that is kind of difficult for them to pay. So they are given an opportunity to pay little by little. But there's no set amount, or I mean rule that they have to pay certain amount of a percentage of what they owe.

Ms. Chico: Yes, sir, you're right. This is giving them a chance to pay something back within their means.

Councilman Cantu: Right.

Ms. Chico: You know, some people that owe maybe, I had a person that came in and wanted to payback for \$30. No. I'm not going to accept for \$30, when our minimum is \$25. You know, you would pay \$25 anyway, put another five in there, you take care of it. But it does help them so they can pay a reasonable amount to take care of their debt while they're still paying their rent.

Councilman Cantu: Right. Thank you.

Ms. Chico: You're welcome.

Mayor Green: Thank you. Any other questions?

(No questions from the Council)

Motion by Vice-Mayor Mendoza to approve Resolution No. 18-02 of the Mayor and Council.
Seconded by Councilman Cantu. Motion passed unanimously.

Mayor Green: You did vote, sir.

Mr. Benz: Aye.

Mayor Green: Okay. I was just, I didn't hear you. I'm sorry. Just wanted to make sure.

Ms. Chico: I'm sorry. My fault. This is Alan Benz. He is from our Resident Board and he's also now the Resident person who shows for the meeting whose vote also counts.

Mayor Green: You made a big impression on us last time. And thank you, sir. Thank you for participating.

Ms. Chico: Thank you.

Motion by Vice-Mayor Mendoza to adjourn from the Housing Governing Board Session and convene back into City Council Regular Session. Seconded by Councilman Larribas. Motion passed.

ITEM #09 – RESOLUTION NO. 18-03 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, RATIFYING, APPROVING AND ADOPTING THE INTERGOVERNMENTAL AGREEMENT WITH PIMA COUNTY FOR THE MANAGEMENT AND IMPLEMENTATION OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

Mr. Molina: Mr. Mayor, members of the Council, we have Lourdes Aguirre, our Finance Director, here to explain the, some of the numbers. But this year's Community Development Block Grant Program's award is an award for \$245,000. Overall, total (inaudible) would be \$7,293 (inaudible) fiscal year '16-'17. Award and demolition funds continue to be available if necessary through Pima County's CDBG Fund. New programs awarded for fiscal year '17-'18 include the Bicycle Safety Program, which is a continuation of ADOT's Safety Route to School Program, (inaudible) Clean Up and Graffiti Abatement. Each one at \$10,000. Please note that over the last two years, rather than lose unspent funds in Community Policing at the end of the grant period, the City has requested funds to be reprogrammed to fire safety equipment. This is the reason for the large fiscal year '16-'17 fire safety equipment award, which would have been otherwise, or otherwise would've been for \$30,000. And you can see the numbers on the chart. Any questions, we are here to answer them.

Mayor Green: Okay. On the Community Clean Up and on the Graffiti Abatement, we have \$10,000. What exactly can those funds be used for?

Mr. Molina: Graffiti Abatement, we ...

Mayor Green: Well, no. I mean I'm more interested in the Community Clean Up.

Mr. Molina: Community Clean Up can be used for paying our salaries to some of our staff to do additional clean ups. I'm not sure ...

Ms. Aguirre: Would you like me to interject?

Mr. Molina: I'll defer to (inaudible).

Ms. Aguirre: Mr. Mayor, members of the Council, attached to this agreement, Exhibit A, if we can find it, I think that the version we got from the County doesn't have page numbers on it. But Exhibit A is where all the descriptions for all of these funding awards begins. And so if we look for, if we look for Community Clean Up, it's Section 3.3 in Exhibit A. It gives a pretty detailed description of everything that (inaudible) in there and so it mentions provide eligible CDBG Public Services, Crime Prevention, blah, blah, blah. As you see, we're being a little, a little broad.

Mayor Green: General, yeah.

Ms. Aguirre: (Inaudible) for that section. But then it goes, activities may include but are not limited to identifying and selecting neighborhoods (inaudible) activities will take place. So, like as the cost can go for Community Outreach. It can also go for, I guess (inaudible) whatever ...

Mayor Green: Dumpsters ...

Ms. Aguirre: ... tools ...

Mayor Green: ... and stuff ...

Ms. Aguirre: ... (inaudible) ...

Mayor Green: ... like that.

Ms. Aguirre: ... dumpsters to perform the actual clean up. And I believe that's the, I believe that's the extent of this. It will cover things like safety equipment for workers and volunteers, trailers, hand and power tools, t-shirts, marketing flyers (inaudible), purchasing trees and vegetation, too. So all that is covered under Section ...

Mayor Green: Okay.

Ms. Aguirre: ... 3.3.

Mayor Green: Yeah. Alright. Thank you. Any other questions?

(No questions from the Council)

Motion by Councilman Cantu to accept Resolution No. 18-03. Seconded by Vice-Mayor Mendoza. Motion passed unanimously.

ITEM #10 – RESOLUTION NO. 18-04 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND RATIFYING AND ADOPTING THE COMMUNITY DEVELOPMENT BLOCK GRANT YOUTH AND FAMILY SERVICES FUNDING AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON, ARIZONA, AND THE PIO DECIMO CENTER, A NON-PROFIT CORPORATION

Mr. Molina: Mr. Mayor, members of the Council, we have Marcia Zerler, Executive Director of Pio Decimo here to present a report.

Mayor Green: Thank you very much and welcome.

Ms. Zerler: Thank you, appreciate it. Appreciate the opportunity. I promise I will be shorter than (inaudible). Any time we get an opportunity is where (inaudible). I'm going to start with, we have been in that center working in South Tucson for over (inaudible) and at this point, the thousands of kids that have gone through the center. What you might not know is the center is part of the overall Pio Decimo Center, which provides a variety of programs from, I say, from three years of age and our oldest senior resident is 85. So we have a broad spectrum. So the JVYC youth center really is a safe haven for children from five to eighteen. And we focus on really three things; education, health, and social development, and do that through a variety of different programs. So obviously, our educational program includes after-school assistance and tutoring, and computer work and any number of educational programs. What I want to point out to you is we do evaluations and we have a 92% success rate of children being promoted to the next grade level. So they're on target, on task (inaudible) graduate high school so that's a great day. Some of the other things and, of course, you know, kids never come into, you know, I always say that actually, you know, (inaudible) variety of different activities. And again, what we look at is health and physical education. You can see in the photos, you know, photos say a thousand words. Basketball, track team, bicycling, obviously, weight-lifting, exercise programs, so we do a variety of different health and physical education programs. You also need to look at some of the other stuff, which is (inaudible) programs and art programs that also happen within the center. Participation in the parade, which we're very proud of. I want to give a shout out to Gloria who is the Director of this center twelve years running, always winning some award. So you can see that the programs offer a variety for the children to maintain their interest, as you're developing them, again, to be productive citizens. The other thing I'd like to say is this year we were (inaudible) summer to do a specialty program called "Getting Ahead". Working with the youth, try to prevent poverty and we had a variety of speakers, some of which are sitting right in front. So, great programs. We offer a Youth Employment Program in the summer. We're open when the school, after school, when schools are out, and during the summer. So it's a wide variety of programs.

Mayor Green: You've got your hands full.

Ms. Zerler: Yes, we do but we love it.

Mayor Green: Any questions?

(No questions from the Council)

Mayor Green: Thank you.

Ms. Zerler: Thank you.

Mayor Green: Oh, City Manager.

Mr. Molina: Mr. Mayor, members of the Council, I'd just like to add that, and you've heard this before, but I'd like to repeat it. And that is that the City of South Tucson, despite the socio-economic factors that work against us, we have an extremely low juvenile crime rate in this city. And I believe, in fact I know it's because of the schools and the programs such as the JVYC that are all crown jewels that make this happen. And I just really want to commend you for the hard work that you do.

Ms. Zerler: We appreciate the ...

Mayor Green: Thank you.

Ms. Zerler: ... board and the building, and this year we're going to have a renovated kitchen to do cooking. Thank you very much.

Mayor Green: Thank you. Okay. Do I have a motion to accept Resolution No. 18-04 of the Mayor and Council?

Motion by Vice-Mayor Mendoza to approve Resolution No. 18-04 of the Mayor and Council. Seconded by Councilman Larribas. Motion passed unanimously.

ITEM #11 – REPORTS – FINANCE DEPARTMENT, LOURDES AGUIRRE, FINANCE DIRECTOR;
FISCAL YEAR 2018 GENERAL FUND UPDATE (QUARTER 2 OCT-DEC); UPDATE - FINANCE
DEPARTMENT OPERATIONS

Mr. Molina: Mr. Mayor, members of the Council, we have our Finance Director, Lourdes Aguirre, to give us a report of the City's finances at the 50% mark of fiscal year '17.

Ms. Aguirre: Mr. Mayor, members of the Council, I want to point out, or clarify that (inaudible) the title I chose might be a little misleading as it says Quarter 2 October through December, the numbers are not just for October through December. The numbers include, or go through December. So, July through December. We're going to be looking at six month period here. So if you would turn to page 1 of the revenue and expenditure summary, what you will notice is that revenues to expenditures, looks like expenditures exceeded our revenues by about \$100,000 by end of December. The position was a little bit better at the end of the first quarter, so that was for September, but as we'll see in subsequent graphs and pages, it's not unusual at this point in time, at mid-year. So deficit of \$100,000. Another thing I want to point out is that if we were at the end of the fiscal year when we do accruals, that means (inaudible) all the expenditures, all the revenues that came in after the last day of the month, or the last day of the quarter and we put 'em back, you'd be looking at a deficit of \$59,000. That's because there's bills that we're waiting for to come in that pertain to December and there was revenues that came in after December 30th as well. So that's just to give you some perspective on how we're doing. So turn to page number 2, page number 2 is a graph representation of all the revenues and the expenditures. What you will notice is that red mark in the center of the graph, that indicates the six months, or the 50%, right, half of the year has lapsed yet sales tax revenues are about 9% below the 50% mark. When it comes to Fines and Forfeitures, those are about 24% below the mark. So those are areas that we're really keeping an eye on. Intergovernmental revenues, those are a little below as well.

Mayor Green: Real quick question. On Fines and Forfeitures, is that through the, the ones, RICO or through the Court, or a combination of both?

Ms. Aguirre: Mr. Mayor, the Fines and Forfeitures that get streamed, that go into RICO, that's a completely different fund. This is General Fund. So that one, it's fund 261.

Mayor Green: Okay.

Ms. Aguirre: RICO. That's not in here.

Mayor Green: Okay.

Ms. Aguirre: This is Court ...

Mayor Green: Okay.

Ms. Aguirre: ... Fines and Forfeitures. Okay. So those two areas are the ones that we're looking at closely. And as I was mentioning, the intergovernmental revenues, that has to do with all the revenues that come from the State; State share. That one tends to catch up. The Governor's budget is pretty close so that one almost always catches up. I'd like to point out just a couple of little notes, or things that I've noticed in my analysis of the Sales Tax revenues. So some of the smaller industries, the smaller ones for which sales tax rates increased back in December of 2016, looking at that activity, there really hasn't been much growth in those industries. There hasn't. When it comes to construction, the construction industry seems to have made up quite a bit of what we may have expected in those other smaller industries that didn't realize, or materialize, but that was because of some of the bigger construction projects that were going on around the City. Now, as those come to an end, so will the revenues. Okay. So we may see a decline in that industry. All the others, for instance, restaurants and bars and retail have maintained pretty constant. Now, if you jump up to the graph below that shows a representation of the expenditures, you'll notice most of the departments are below the 50% mark. And for those that have exceeded the 50% mark, I've added notes. So, for instance, the City Manager's budget right now is at 76%, or as of 12/31. If you look at the detail behind that, it's attributed to the large expense the City has had to pay for representation in the secondary property tax lawsuit. So, that alone has caused that overrun in the budget. When it comes to the bottom, Debt Services, Leases and Settlements, it's slightly past the 50% mark because the City had to pay for that Waste Management settlement, about \$45,000, and it did it in the first quarter. So, we'll see it fall into line with where it should be as the year progresses. When it comes to non-departmental, you'll see it's a little short. It's at 24% but that's because we're waiting for some really large invoices to come through. We're waiting for some invoices from the jail, Pima County Jail for December. We're also waiting for some from Animal Control. December utility, which tend to run about \$19,000 or \$20,000. And the Risk Pool Property and Casualty Insurance Premium, which is about \$45,000 a quarter. We're still waiting for that bill to come through. That's why non-departmental seems so low.

Mayor Green: I've got a question. Are we or are we not going to make it this year where we actually pay more for Animal Control than incarceration?

Ms. Aguirre: Well, one of the things that we anticipate seeing, Mr. Mayor, is a drop. Assuming that the jail bill continues at at least an average of \$10,000, even like that, we'll see an overall drop in that expense. When it comes to Animal Control, they have a completely different philosophy that even we

are under because we can't provide our own service. And their philosophy is expensive. It's a no-kill policy. They nurture animals, bring 'em back to health, and so that costs. We don't anticipate it overrunning the budget, but actually coming up to the amount that was budgeted and agreed to under the IGA.

Mayor Green: Okay. Thank you.

Ms. Aguirre: Also, another thing that I'd like to point out is that as you can tell on here, all the departments are doing an excellent job staying within their budget, and even staying below the budget. But I do want to say that it is crucial that all departments stay, or all departments spend according to what was adopted. As you may recall, for the fiscal '18 budget, it was quite a bit of a challenge to balance that. And so there was a deficit reduction plan that you all adopted, and that included keeping some positions unfunded, which we have done. And it also included the reduction in staff in Fire from four to three, so it's just maintaining with that, that will help us get to where we need to be by the end of the year. So turning over to page 3, what you will notice, yes, Councilman Cantu?

Councilman Cantu: I have a question about this, the litigation fees. How much did you say we, we pay?

Ms. Aguirre: Litigation?

Councilman Cantu: For the, yeah, for the, for the taxes.

Ms. Aguirre: For the ...

Councilman Cantu: Second-, ...

Ms. Aguirre: ... (inaudible)?

Councilman Cantu: ... for the secondary taxes.

Ms. Aguirre: Oh, okay. Okay. Let me reference a report I have here. Just a second, Councilman Cantu. So far, to date, the City has paid \$71,000 this fiscal year.

Councilman Cantu: Do we have any idea how long we're going to be paying on that?

Ms. Aguirre: Unfortunately, Councilman, I don't. I don't know if the attorney would, but really, I don't know. That's more of a legal matter. Maybe a briefing in Executive Session could be provided. I don't have ...

Councilman Cantu: Right.

Ms. Aguirre: ... a date.

Councilman Cantu: Yeah. Thank you.

Ms. Aguirre: Okay. Any other questions?

Councilman Cantu: So really, what, what it's, what it's (inaudible) the projections that we made for the budget is, it's, is that litigation for the taxes and?

Mayor Green: And the Waste Management.

Vice-Mayor Mendoza: Waste Management.

Councilman Cantu: And the Waste Management. Which are related both to ...

Mayor Green: Lawsuits.

Vice-Mayor Mendoza: Lawsuits.

Councilman Cantu: Lawsuits?

Ms. Aguirre: Yes, Councilman Cantu, that is correct.

Councilman Cantu: Everything else is under control.

Ms. Aguirre: Under control. The only thing that we don't have control over are the revenues. So that would be the only other unknown factor. You know, we'll have to give it time to see how it turns out.

Councilman Cantu: But we're going on a pace that we are, like you were saying, under, I mean limitations on the departments that we had made before so that we could make the budget balance or going it's, the projected pace?

Ms. Aguirre: Yes, Mr. Mayor, Councilman Cantu, that is correct. And like I mentioned, all department heads are doing an excellent job of keeping their expenses under control and as adopted at this point, through December 31st.

Councilman Cantu: Right. Actually, so the only thing that's overboard is just the, the suits and we had the problems.

Ms. Aguirre: Yes, Councilman, so leading into that, approximate deficit of \$100,000 by the end of December. It's a combination of yes, the increased expenses from the litigation, the fact that we had to pay early the Waste Management settlement and slight shortfalls in the revenues, like the Court Fines and Forfeitures and City Sales Taxes. It's a combination of all that.

Councilman Cantu: So, actually, these are, okay, (inaudible) we have been, that we have to pay for mistakes that were made before. I mean litigation.

Ms. Aguirre: Councilman Cantu, these have been ongoing for a couple of years.

Councilman Cantu: Yeah.

Ms. Aguirre: Yes.

Councilman Cantu: Okay.

Mayor Green: Is there ...

Ms. Aguirre: Unfortunately, they just come due when they come due.

Councilman Romo: Is there a balance on that Waste Management also?

Ms. Aguirre: Yes, Councilman Romo, originally, and I just want to mention, originally, the bill was at about \$310,000 if I'm, I might be off a little bit. But \$300,000, it was reduced in settlement to \$235,000 over the course of three years. The, what was paid this year was payment number two. And so next year will be the last and final payment but for \$45,000.

Councilman Cantu: That would be for?

Vice-Mayor Mendoza: Waste Management.

Mayor Green: Waste Management. Okay. Any other questions?

Vice-Mayor Mendoza: Do you want to go to page three?

Ms. Aguirre: Going onto page three, what you will notice there is that those were all in the revenues. If you look at fiscal 2018 revenues, and you compare them to the rest, their trending at fiscal '15 and fiscal '16 levels percentage-wise, okay, and when it comes to the expenditures, fiscal '18's expenditures are trending, you know, pretty close to last year's numbers. It's about 1% of where expenditures were at that same time last year. So then taking into consideration what we know, the things I just mentioned about revenues and expenditures, we're able to project out what we call estimated actuals, where we think we'll be by the end of a fiscal, by 6/30, it's the last day of the fiscal year. So if you turn back to page number one again, you will notice that's what this last column here is for. The last column to the far right, it says Fiscal 2018 Estimated Actuals. So again, it's taking our spending pattern, our revenue pattern, projecting out, so we anticipate, if we keep constant, we stick to the budget the way it was adopted, and I am conservative on the revenues, okay. We might have a deficit of \$58,000. Again, this is an estimate (inaudible). I will keep you up to date and, you know, there's still six months to go. So you may wonder why is it so important. Well, it's important because it does give us a projection or an idea of where we might be at the end of six months, but it also sets the base, it sets a starting point for the following fiscal year. So we take these figures, our spending patterns, our revenue pattern the way we see them, and we add the things or we deduct the thing that we know. For instance, any increases in expenses. That might change from now until next year. Or any decreases in revenues. Say, for example, the Governor reduced some of the State shared revenues and shifts them over to the State budget. Well, then those are things that would reduce on the City's side. These are all things that we will find out as time goes on. And we hope to have a Special Meeting on the 5th of February, Monday, the 5th of February just so we get everybody

introduced to the numbers, the way we see them at this point for fiscal 2019, kind of get a head start and a feel for what we may be looking at next year.

Mayor Green: Once again, any other questions?

Vice-Mayor Mendoza: I just have one real quick and I know, so you said that our last payment is going to be in this next fiscal year's budget and that one is only going to be forty-five, you said?

Ms. Aguirre: Yes.

Vice-Mayor Mendoza: So, so is that, that's what, that's the lesser of any payment that we've had, correct?

Ms. Aguirre: Actually, Mayor, Vice-Mayor Mendoza, all three payments have been for \$45,000. Leading up to the sum of the settlement, \$235,000.

Vice-Mayor Mendoza: Forty-five three times?

Ms. Aguirre: Forty-five three times.

Unknown: Isn't that one thirty-five?

Vice-Mayor Mendoza: That's, yeah, that, one thirty-five.

Ms. Aguirre: My apologies. My apologies, Mayor, members of the Council. Yes, one thirty-five. I'm sorry. I've been looking at a lot of numbers ...

Vice-Mayor Mendoza: That was the ...

Ms. Aguirre: ... (inaudible).

Vice-Mayor Mendoza: ... settlement amount?

Ms. Aguirre: I'm sorry?

Vice-Mayor Mendoza: That was the settlement amount?

Ms. Aguirre: Yes, the settlement ...

Vice-Mayor Mendoza: Okay.

Ms. Aguirre: ... amount.

Vice-Mayor Mendoza: Okay.

Ms. Aguirre: A hundred and ...

Vice-Mayor Mendoza: So it wasn't ...

Ms. Aguirre: ... thirty-five ...

Vice-Mayor Mendoza: ... two ...

Ms. Aguirre: ... thousand.

Vice-Mayor Mendoza: ... thirty-five. It was one thirty-five.

Ms. Aguirre: Yes.

Vice-Mayor Mendoza: Okay.

Ms. Aguirre: I'm so sorry.

Vice-Mayor Mendoza: That's okay. I was just, I, I got a little excited 'cause I thought our payment was going to be less this year. I just wanted to make sure there.

Ms. Aguirre: Thank you.

Councilman Cantu: The other one is two hundred and what?

Mayor Green: Oh.

Vice-Mayor Mendoza: No.

Councilman Cantu: The other one.

Vice-Mayor Mendoza: Scratch that one.

(Simultaneous conversation)

Vice-Mayor Mendoza: One thirty-five. That's the number we're going with.

Ms. Aguirre: Yes, one hundred thirty-five, settlement for Waste Management.

Councilman Cantu: Okay.

(Simultaneous conversation)

Mayor Green: Thank you. Okay. Any other questions?

(No questions from the Council)

Mayor Green: Okay. Hearing none, do I have a motion to adjourn?

(Inaudible conversation)

Mayor Green: Oh, you have a question?

(Inaudible conversation)

Mayor Green: Do we have another ...

Vice-Mayor Mendoza: Update, Finance Department.

Mayor Green: Oh, I thought that was it. I thought that was the whole thing. Oh, okay.

Vice-Mayor Mendoza: There's two bullet points.

Mayor Green: Okay. Yeah, I didn't see the second. I'm sorry. Thank you.

Mr. Molina: There's one more report regarding the Finance Department.

Ms. Aguirre: Mayor and members of the Council, I'll be brief. This is just to give you an update of what Finance has been involved in, Finance Operation. And I'm going to briefly just reference this report that I placed in your boxes earlier today. So, on top of the day to day stuff that we handle in Finance, we've been also tackling the fiscal '17 audit. We just had the field work take place here the week of the 8th. From the 8th through the 11th, auditors were here, took a look at a lot of things that I think you'll be pleased once they come back and they give the presentation. So, right now, they're currently completing the reports. So that's what we were really busy with, preparing for in December. And then also with having, you know, the holidays on the 1st and the 15th and then the audit on the 8th, it just, it became a little difficult to pull all the numbers together and have something ready for you all to present earlier on the budget, but I'm just glad that we were able to do it now, and give you guys a report on that. Year end reporting, so Finance has also been doing the 2017 year end closing, issuing the 1099 reports for vendors, and W2's for the employees, so W2's are going to be included with employee check stubs this Friday. So that's just, so everybody knows, and the 1099's for the vendors are going to be placed in the mail. The deadline is the 31st. We've been involved in developing a new website. This is going to be SouthTucson.gov. You may recall we asked Mayor and Council for permission to get that set up. We had that set up and actually went with the company Unicode, who is the expert in doing like city code codification and bringing all that up to date. And so they were a really good option to go with because they already, they already provide the service for us on that end, the City Code and all that, and all the legal behind that. So, they gave us a bid. It was pretty competitive and we're familiar with them, went with them. They've already developed a website that is very, I believe, very user-friendly that also modifies to both the desktop and the mobile device. I don't think our current website does that. And so it's also very easy to navigate because I think the goal was to have a good layout that was informative as well, and easy to use for the people of South Tucson. So that's what we've been working on. The good thing was that they, the cost was about \$7,000 but they allowed to spread the cost over four years. So, it's reasonable. And the website hosting is going to be \$1,800 a year, which I believe is also reasonable, once you spread it

out over 12 months. And that was included in this year's budget. Accounting system, so another thing the Finance Department has been involved with this last couple weeks, months, is doing a lot of clean-up in the accounting computer program. The system is unique from other accounting systems that people might be used to, but it's not unique to government in that it accounts for everything in different funds. So it's a fund accounting program. We use Caselle and the City has used Caselle, the version Classic, for about 15 years. And there's been a couple of upgrades to it. You know, with every software, the company's usually offer upgrades very now and then when they modify certain things. So there's been a couple of upgrades. But it's pretty old and the company will no longer support it. So, the City has to convert to a new system and the good thing is that it's jumping us like two systems ahead. There's no additional cost involved because the City already pays a monthly service and support fee to the company, to Caselle. And so they're doing a lot of work for us from this point forward. It's just assuring that the integrity of the numbers all transfer over (inaudible). And there's going to be a lot of training for staff involved, so we'll be doing that as well. But hopefully, it's a better product and gives us better reporting quicker.

Mayor Green: So the new system will be able to be merged, or the old system will merge into the new system without very many hiccups?

Ms. Aguirre: Yes, Mr. Mayor, that's, that's what we're looking at. And we're having the experts really handle that, so that's what they'll be doing. They'll be transferring all of our current, all our current data to the new system. They've already done a trial to try it, but then we'll do a live pool in the next coming weeks. And we hope to have a new system in, installed by the end of February. When it comes to the website, we hope to have that going and live by the end of this month, so February 1st. And it will be SouthTucson.gov.

Councilman Cantu: Alright. (Inaudible).

Ms. Aguirre: That's just a little bit of updating what we've been working on.

Mayor Green: Okay. Thank you.

Councilman Cantu: Thank you.

Mayor Green: Okay. Any questions?

(No questions from the Council)

Mayor Green: Hearing none, agenda item #12, adjournment. Do I have a motion?

Motion by Vice-Mayor Mendoza to adjourn the Regular Meeting.

Mr. Molina: Mr. Mayor.

Mayor Green: Oh, I'm sorry.

Mr. Molina: I've got one more item for Reports. And it's an item of recognition and I'd like to recognize two Public Works employees, Ray Garcia and Frankie Gomez (inaudible), some people call him. But these two individuals handled what should have been a routine task but it really wasn't and that's getting a hold of a tractor (inaudible) big deal (inaudible). This was a hole that they had to dig over by the new Burger King that's being built at 40th Street. And they had to maneuver a large tractor and bucket in between gas pipes, water pipes, electric lines, telephone lines, and had they had a (inaudible) of any sort, it could've caused a real mess. But they were able to handle the task. And I realize that most people look at a tractor digging a hole and really don't have an appreciation for what's (inaudible) especially this particular hole. But they performed the task admirably. They removed the tree and a huge tree stump and now the City is able to repair the sidewalk that was, had been defective there for quite some time. And, like I said, most people would say a tractor, two guys, no big deal, you know. In this case, it was a big deal because they really had to maneuver in a very small area of, you know, a big tractor and a big bucket. I'd just like to recognize that they're (inaudible) and I'd like to put it on record, Frankie Gomez and Ray Garcia did a great job.

Mayor Green: Okay. Tell 'em thank you. Yeah, 'cause I, I know where you're talking about. That was a big palo verde, or big mesquite they chopped down?

Mr. Molina: Yes, sir.

Mayor Green: Right there on the corner. Yeah. If anybody was aware of it, that sidewalk was lifted. And that was a very big liability on the City, or a trip hazard and everything else. So it needed to be done. And it was. So now, just put it back, right? That's all they need to do?

Mr. Molina: Yeah. They pulled it out. Now, concrete can be, or yeah, the concrete can be laid to repair the sidewalk. In fact, I was at the site today and it's level, it's ready (inaudible).

Mayor Green: Okay. Well, thank 'em all for us. Okay. One more time. Agenda item #12. Any other questions first?

(No questions from the Council)

ITEM #12 - ADJOURNMENT

Motion by Vice-Mayor Mendoza to adjourn the Regular Meeting. Seconded by Councilman Romo. Motion passed unanimously. The meeting adjourned at 7:03 p.m.

Mayor

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the City Council of South Tucson, Arizona, held on the 22nd day of January, 2018. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2018.

Veronica Moreno, City Clerk